



SOUTHEAST IDAHO

BANNOCK, BEAR LAKE, BINGHAM, CARIBOU, FRANKLIN, ONEIDA, & POWER COUNTIES

YEAR IN REVIEW

Maintaining the tradition of an annual review, this newsletter is dedicated to reviewing the year 2001. Since information continues to be gathered for the year and only limited statistics are available, Labor Force numbers were projected for the year 2001. The number of 2001 *Nonfarm Payroll Jobs* is estimated through October based on January through June employment and the monthly sampling of businesses. Total *Nonfarm Payroll Jobs* is then projected through the end of the year using typical monthly links or five-year average changes and is adjusted for area economic activity.

Nonfarm Payroll Jobs will be reported only for the Pocatello MSA and county detail will be reported when it becomes available.

2001

Drought was the common denominator for all counties' economies over the year. The year 2001 started out with a bang. Employment was at an all-time high throughout Southeast Idaho but winter shortchanged the area with a second year of drought. Then oil prices skyrocketed, power became scarce, energy prices soared, and the domino effect began.

As the U.S. fell into recession, Southeast Idaho continued to gain momentum. Since the area did not experience the same high level of economic boom as the U.S., it subsequently did not experience the drastic level of bust either. The Southeast Idaho economy actually began to show signs of slowing toward the end of 2000 when *Transportation*, *Wholesale Trade*, and *Retail Trade* employment dipped. The added stress of drought, the slowing U.S. and global economy, and energy crisis took its toll on the area. Agriculture was the first industry to feel the effects of drought, and many crop growers were faced with power and water shortages. Many growers entered into a

Southeast Idaho Table 1: Labor Force & Employment

Pocatello City MSA (Bannock County)	Projected 2001	2000	% Change From Last Year
INDIVIDUALS BY PLACE OF RESIDENCE			
Civilian Labor Force	40,500	39,500	2.5%
Unemployment	1,820	1,970	-7.6%
Percent Unemployed	4.5	5.0	0.5%
Total Employment	38680	37530	3.1%
JOBS BY PLACE OF WORK			
TOTAL Nonfarm Payroll Jobs	33,262	32,721	1.7%
Goods Producing Industries	4,592	4,518	1.6%
Construction	1,861	1,669	11.5%
Manufacturing	2,731	2,849	-4.1%
Service Producing Industries	28,670	28,203	1.7%
Trans./Comm./Util	1,772	1,787	-0.8%
Wholesale Trade	1,443	1,449	-0.4%
Retail Trade	7,078	7,036	0.6%
Fin./Ins./Real Estate	1,621	1,570	3.2%
Services	8,045	7,849	2.5%
Government Admin.	3,446	3,424	0.6%
Government Educ.	5,265	5,089	3.5%

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

power buy-back agreement with Idaho Power and either decreased the amount of crops planted or took a chance and planted more dry-land crops. Tourism in Southeast Idaho also felt the effects of drought, and the *Trade* and *Service* industries that rely on tourism experienced decreased business. The slowing global economy, energy crisis, and trade deficit finally took its toll on Southeast Idaho, and the area lost manufacturing and mining jobs. The full effect of the economic downturn will not likely be fully known until the latter part of 2002.

The bright spot in the area's economy was in *Construction*. Low interest rates drove construction up in nearly every area of Southeast Idaho. *Finance* and *Insurance* also saw increased activity in 2001, and the agriculture industry fared much better than in the previous three years.

In November, the entire Southeast Idaho area received earlier and heavier snowfall than normal and provided the area with encouragement for normal snowfall and mountain accumulations through next spring.

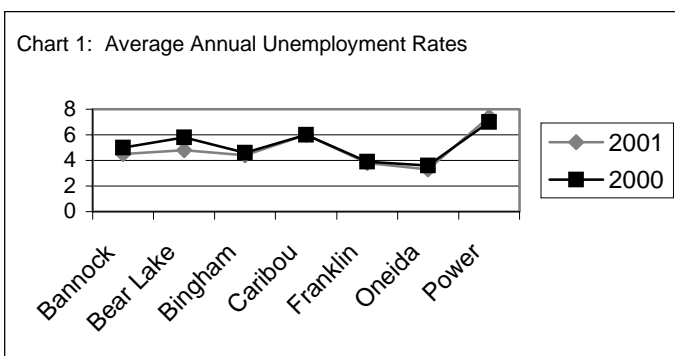
EMPLOYMENT TRENDS

Despite the loss of many jobs in the Pocatello area during 2001, Table 2 shows the Pocatello MSA's average unemployment rate is projected to drop five-tenths of a percentage point from 5.0 percent in 2000 to 4.5 per-

cent in 2001. Year-over-year, the *Civilian Labor Force* increased by 1,000 individuals, but 1,150 more individuals reported that they had found employment in 2001 than in 2000. Also during 2001, 150 fewer individuals reported being unable to find work. Reductions at American Microsystems, Inc. (AMI) and Astaris LLC in Pocatello had little effect on the unemployment rate in 2001. Because the Astaris reductions occurred late in the year, the unemployment rate did not change until November, which had little effect on the yearly average. The AMI reductions occurred in June but did not significantly affect the average unemployment rate because the economy was able to absorb many of the laid-off workers.

Even though the U.S. economy fell into recession in March 2001, *Chart 1: Average Annual Unemployment Rates*, shows that area unemployment rates remained at or just slightly above the 2000 annual averages. While job losses in *Mining and Manufacturing* plagued many Southeast Idaho counties, low interest rates and a surprisingly improved agricultural sector kept the economy stable for most of the year.

The number of *Nonfarm Payroll Jobs* in the Pocatello



Metropolitan Statistical Area is expected to increase by 1.7 percent in 2001 over 2000 for a net gain of 541 jobs. The rate of job growth declined four-tenths of a percentage point from the rate of job growth in 2000.

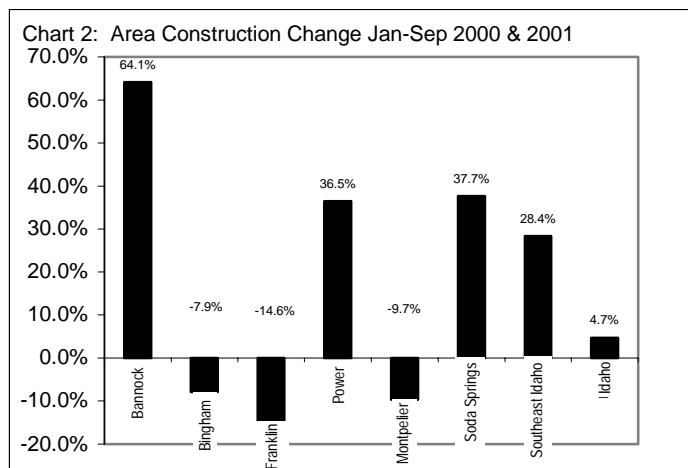
The *Goods-Producing Industries*, *Construction* and *Manufacturing*, increased 1.6 percent and gained 74 jobs. Low interest rates throughout the year sparked increased activity in residential and commercial construction, which added 192 jobs in 2001. *Manufacturing* jobs declined by 118 over the year and partially offset job growth in *Construction*. Job reductions in *Manufacturing* were mostly the result of a layoff of 210 workers from AMI in Pocatello. The layoff was the result of slowing in the electronics industry worldwide.

The *Service-Producing Industries*—*Transportation, Communications & Utilities*; *Wholesale and Retail Trade*; *Finance, Insurance & Real Estate*; *Services*; and *Government*—increased 1.7 percent and gained 467 jobs in 2001. Leading the *Service-Producing Industries* in job growth was *Government Education* (3.5 percent). Job growth occurred in *State Government Education* because of added jobs at

Idaho State University. *Finance, Insurance & Real Estate* increased 3.2 percent because of expanded services and jobs at Farmers Insurance in Pocatello and increased activity in *Banking and Credit Unions and Securities*. *Services* increased 2.5 percent and most growth occurred in local call centers. After a decline in jobs in 2000, *Retail Trade* held steady with a slight job increase (0.6 percent) in 2001. Two industries, *Transportation, Communications & Utilities* and *Wholesale Trade* lost jobs in 2001. Losses in the two industries were minimal at 0.8 percent and 0.6 percent, respectively.

AREA ECONOMIC DEVELOPMENTS

Construction helped maintain the area's economic momentum in 2001 and was most likely because of low interest rates. From January through September 2001, Southeast Idaho construction surpassed January through September 2000 by 28.4 percent. In comparison, the state's construction during the same period of time increased just 4.7 percent. Residential construction in Southeast Idaho increased 3.7 percent; commercial construction decreased 50.9 percent; and additions, alterations, and repairs increased 59.0 percent. Increased residential construction activity from this year to last year was driven by Bannock County, while commercial construction increased in every county except Bingham and Franklin Counties. The decrease in Bingham and Franklin Counties' was largely because of two major projects, one in each county, which began in 2000 and ended in 2001. The construction permits were obtained in 2000 so it appears the two cities suffered declines in 2001, but many of the jobs created by the projects lasted well into this year. Despite the economic downturn, individuals and business continued to invest in new construction and upgraded existing structures in 2001. *Chart 2: Area Construction* shows the change in construction by area from 2000 to 2001.



Bannock County

Through September 2001, construction increased 64.1 percent over the first nine months of 2000. Residential construction increased 26.1 percent, commercial con-

struction increased 93.9 percent, and additions, alterations, and repairs increased 95.4 percent.

- Home Depot built and opened a regional building supply store in Pocatello. The store added about 130 jobs to the area's economy.
- The Golden Corral built a new restaurant on the Fred Meyer Campus in Pocatello. The restaurant opened in November and added approximately 35 jobs.
- Convergys expanded its operation in Pocatello and added approximately 250 jobs in 2001. The company expects to do additional hiring in 2002.
- Anderson Lumber began rebuilding its \$1.5 million outdoor lumberyard, which was destroyed by fire.
- Farm Bureau continued work on its 93,000-square-foot headquarters office in Pocatello. Completion is expected in 2002.
- R Homes Corporation of Pocatello closed its business and eliminated about 40 jobs in January 2001.
- The Union Pacific Railroad eliminated 14 jobs in its Pocatello locomotive department in January 2001. The job reductions occurred because of indications of a nationwide economic slowdown.
- American Microsystems, Inc. (AMI) reduced its Pocatello workforce by approximately 220 jobs in May 2001. Reductions occurred mainly because the economy in general, and the semiconductor industry in particular, had slowed.
- Grover Electric and Plumbing Supply store in Chubbuck closed and eliminated approximately 15 jobs.

Bear Lake County

Construction in Montpelier during the first three quarters of 2001 dropped 9.7 percent below the first three quarters of 2000. The decline occurred in residential construction while commercial construction and additions, alterations, and repairs increased 16.6 percent and 4.0 percent, respectively.

- Construction of an addition to the A.J. Winters Elementary school in Montpelier, which began in the spring of 2001, was completed in December 2001. The project included a gymnasium, which doubles as an auditorium.
- B&L Doors, Windows, and Trim opened at 829 Washington in Montpelier.
- A new fabric store opened in the historic Odd Fellows building in downtown Montpelier. The owners plan to renovate the entire building, which will house other businesses and facilities for special events.

Bingham County

Through September 2001, construction activity declined 7.9 percent from the first nine months of 2000. Additions, alterations and repairs increased 40.7 percent but residential and commercial construction decreased 9.7 percent and 26.5 percent, respectively. Several projects were started in 2000 and maintained jobs in Bingham County throughout most of 2001.

- Blackfoot celebrated its 100th year as an incorporated city in 2001. The city celebrated with several Centennial activities throughout the year.
- Construction was completed on a new Super 8 Motel in Blackfoot. The motel employs approximately 10 people.
- A new professional office building, The Manwaring Building, was constructed and opened in Blackfoot. The building houses one business and has space for several other professional offices.
- C-A-L Ranch began site preparation of its new store in Blackfoot. The new store will be twice the size of Blackfoot's current C-A-L Ranch store at approximately 30,000-square feet. When the new store opens, the store will increase its workforce from 15 to 25.
- Carol Holm Financial built a new office building on Meridian Street in Blackfoot. The business, which currently employs three people, plans to expand its financial counseling with additional employees.
- Only \$1 opened at the Riverside Plaza in Blackfoot. The 10,000-square-foot store employs approximately 15 people.
- The Bronco Stop, a convenience store and fast food/deli, opened in Blackfoot. The business employs six workers.

Caribou County

Construction activity increased 37.7 percent in Soda Springs during the first three quarters of 2001 over the first three quarters of 2000. Commercial construction accounted for the increased activity in the area as it increased by more than \$1 million. Residential construction and additions, alterations, and repairs dropped 72.7 percent and 56.8 percent, respectively.

- Construction of the Agrium purified phosphate manufacturing facility in Caribou County, which began early in 2000, was completed in April 2001. The project added hundreds of construction jobs throughout 2000 and into 2001.
- The historic Enders Hotel in Soda Springs was restored. The 30-room bed and breakfast houses a restaurant and gift shop.

- In June, Astaris reduced its Dry Valley Mine workforce in Soda Springs by nine people. The reduction was linked to decreased productivity at Astaris in Pocatello. Another reduction of approximately 14 workers occurred at the end of December.

Franklin County

Construction activity during the first nine months of 2001 declined 14.6 percent from the first nine months of 2000. Decline occurred in commercial construction, down 44.2 percent, and in residential construction, down 10.6 percent. Additions, alterations, and repairs increased 64.5 percent. Commercial and residential construction soared in 2000 so the decline in 2001 was expected.

- Bear River Publishing completed construction of their new publishing facility in Preston. The business employs approximately 30 people and is the first business to locate in the Preston Industrial Park.
- A historic 185-foot-tall smokestack landmark in Preston, formerly used by Pet Milk Company, was demolished. Construction of a new fire/ambulance station will begin at that location.
- The Preston Golf and Country Club completed and opened the back nine holes of its golf course near Preston.
- A dollar store, 4 Quarters, opened on State Street in Preston.

Oneida County

Construction declined 26.8 percent in Oneida County during the first nine months of 2001 from the first nine months of 2000. Residential construction dropped 56.6 percent, commercial construction dropped 25.0 percent, and additions, alterations, and repairs dropped 8.0 percent. Since construction information for Oneida County is provided by a different source, it cannot be compared with other counties in the area.

- Construction of a 24,460-square-foot Church of Jesus Christ of Latter Day Saints, which began in July, was completed in 2001.
- Nana's Attic opened in April 2001 in Malad's Uptown Mall.

Power County

Construction for the first nine months of 2001 exceeded construction for the first nine months of 2000 by 36.5 percent. Commercial construction increased by 50.7 percent and additions, alterations, and repairs increased 24.7 percent. Residential construction dropped 39.8 percent.

- Construction of a new American Falls High School, which began in 1999, continued throughout 2001.

Completion of the school is expected in time for the fall school year in 2002.

- J.R. Simplot Company conducted a \$15 million upgrade at its Don Plant in Power County. The project was completed during the summer.
- Spring Creek Manor, an assisted living center, opened in American Falls. The 8,000-square-foot facility will employ about 15 workers.
- Astaris, LLC closed its elemental phosphorus manufacturing plant in December and eliminated more than 400 jobs at the facility. Power County will lose about 11 percent of its tax base in 2002 because of the closure of the Astaris manufacturing facility near Pocatello. While most of the workers at the facility reside in Bannock County many also reside in Power County. Astaris cites high energy costs, environmental issues, and increased market competition as reasons for the closure.

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